

# Household consumption

After deteriorating sharply in April as a result of the third lockdown, household consumption picked up in May and June with the gradual lifting of Covid restrictions. Thus in June this level was close to its pre-crisis level (-1% compared to Q4 2019, after -4% in May and -12% in April), i.e. an increase of +1.0% in Q2, after stagnation in Q1. In July, consumption would appear to have declined slightly, standing at -2% compared to pre-crisis. It would seem to have been adversely affected by a decline in the consumption of goods (especially vehicle purchases), despite the buoyancy in spending in those services where restrictions had previously applied (accommodation-catering, transport services and leisure activities). In August, consumption would seem to have increased a little, reaching -1½% compared to its pre-crisis level: consumption of goods would seem to have picked up, with the introduction of the health pass affecting household spending only moderately in the sectors concerned, especially catering. In September and into Q4, the expansion of the vaccine rollout should ensure that consumption is able to pick up in those sectors requiring the health pass: according to our scenario, household spending in September is expected to be 1% below its pre-crisis level, then it should increase gradually to return to this level by the end of the year. All in all, after falling by 7.2% in 2020, household consumption looks set to bounce back by 4.5% in 2021.

Since the *Economic Outlook* of 1<sup>st</sup> July 2021, the detailed results from the national accounts for Q2 2021, published at the end of August, showed a quarterly increase in household consumption of +1.0%, close to what had been forecast (+1.3%). This increase stems from the rebound in consumption in May and June, in the wake of the gradual easing of health restrictions and after the drop recorded in April as a result of lockdown. In May, household consumption was in fact -4% compared to its Q4 2019 level, after -12% in April (► **Figure 1**). This upturn in May was driven mainly by the consumption of goods, with “non-essential” businesses having reopened on 19 May, and to a lesser extent by spending on accommodation and catering, with the reopening of café terraces on this same date. In June, this dynamism in consumption continued, especially in the services concerned by the continuing relaxing of restrictions: as a result, household spending in June was very close to its pre-crisis level (-1% compared to this level).

For July, bank card transaction amounts and scanner data from major retail outlets were used to estimate household consumption: this summer month was also characterised by the lifting of virtually all health restrictions imposed since the beginning of the year and the introduction of the health pass from 20 July,

### ► 1. Estimated and forecast level

difference to Q4 2019, in %



How to read it: in July 2021, household consumption would appear to have been 2% below its T4 2019 level. From October 2021, projections are established on a quarterly basis instead of a monthly basis as previously.

Source: INSEE calculations from various sources

in addition to the ongoing vaccine rollout. In July, total bank card transactions, considered on a year-on-year basis compared to 2019, seem to have retained the same momentum as in June, which was also similar to that of July 2020 (► **Figure 2**). However, when considering specific products in detail, household consumption of goods, published at the end of August at the same time as the detailed results of the Q2 accounts, showed a deterioration in spending on industrial goods, which fell back below their pre-crisis level in July (-2%, ► **Table 1**). In fact, in addition to the decline in food expenditure and vehicle purchases, some increases in consumption observed in June seem to have eased in July: this was the case for clothing-footwear, for example, and household equipment, with bank card transactions appearing considerably less dynamic in July (► **Figure 3**). In services, however, bank card transactions in accommodation and catering continued to increase in July, reaching levels (compared to 2019) similar to or even higher than those in 2020.

Taking these factors into account, household consumption would appear to have slipped back slightly in July, to 2% below its pre-crisis level. This weakening would seem to reflect the decline in the consumption of goods, despite increased spending on market services, where consumption appears to be around -3% compared to the pre-crisis level, after -5% in June. This increase is the result of the recovery in services previously subject to restrictions in their activities: transport services, catering together with accommodation, and leisure services.

In August, household consumption would seem to have increased slightly, to 1½% below its Q4 2019 level. The consumption of goods certainly appears to have been more vigorous than in July, with notably a slight increase in vehicle purchases. However, spending on services would seem to have been affected, albeit only moderately, by the introduction of the health pass in the sectors concerned, catering in particular and

## ► 1. Estimated and projected monthly household consumption levels

difference in the Q4 of 2019, in %

Products	Share of consumption*	2021					
		April	May	June	July	August	September
<b>Agriculture, forestry and fishing</b>	<b>3%</b>	-2.4	-1.3	-3.3	-7	-3	-3
<b>Industry</b>	<b>44%</b>	<b>-10.3</b>	<b>-0.2</b>	<b>0.2</b>	<b>-2</b>	<b>0</b>	<b>-1</b>
Manufacture of food products, beverages and tobacco-based products	15%	3.0	2.8	0.1	-3	1	1
Coke and refined petroleum	4%	-16.6	-7.6	-1.9	-1	2	0
Manufacture of electrical, electronic, computer equipment; manufacture of machinery	3%	5.7	14.6	11.7	10	8	8
Manufacture of transport equipment	6%	-12.8	-11.3	-10.4	-13	-10	-11
Manufacture of other industrial products	12%	-32.9	-1.4	4.5	1	1	1
Extractive industries, energy, water, waste treatment and decontamination	5%	8.3	7.2	0.3	1	1	1
<b>Construction</b>	<b>2%</b>	<b>-1.5</b>	<b>-1.7</b>	<b>-2.0</b>	<b>-2</b>	<b>-2</b>	<b>-2</b>
<b>Mainly market services</b>	<b>47%</b>	<b>-17.4</b>	<b>-11.3</b>	<b>-5.1</b>	<b>-3</b>	<b>-4</b>	<b>-3</b>
Trade; repair of automobiles and motorcycles	1%	-3.7	-5.0	-2.7	-9	-2	-2
Transport and storage	4%	-64.0	-41.3	-34.7	-23	-18	-18
Accommodation and catering	8%	-62.4	-44.0	-16.0	-8	-16	-12
Information and communication	3%	0.8	3.3	2.0	3	3	3
Financial and insurance activities	5%	0.6	1.3	1.7	2	2	2
Real estate activities	19%	2.1	2.2	2.3	2	2	3
Scientific and technical activities; administrative and support services	2%	-8.9	-7.5	-4.5	-5	-4	-1
Other service activities	4%	-33.6	-20.6	-11.4	-10	-11	-10
<b>Mainly non-market services</b>	<b>5%</b>	<b>0.4</b>	<b>0.7</b>	<b>1.5</b>	<b>2</b>	<b>2</b>	<b>2</b>
<i>Territorial correction</i>	-1%	-74.4	-84.3	-95.5	-38	-38	-38
<b>Total</b>	<b>100%</b>	<b>-11.9</b>	<b>-4.4</b>	<b>-1.2</b>	<b>-2</b>	<b>-1 ½</b>	<b>-1</b>

\* Weight in household final consumption expenditure in current euros in Q4 2019

■ Forecast

How to read it: in July 2021, the level of household consumption of accommodation and catering services would appear to have been 8% lower than in Q4 2019.

Source: INSEE calculations from various sources

# French economic outlook

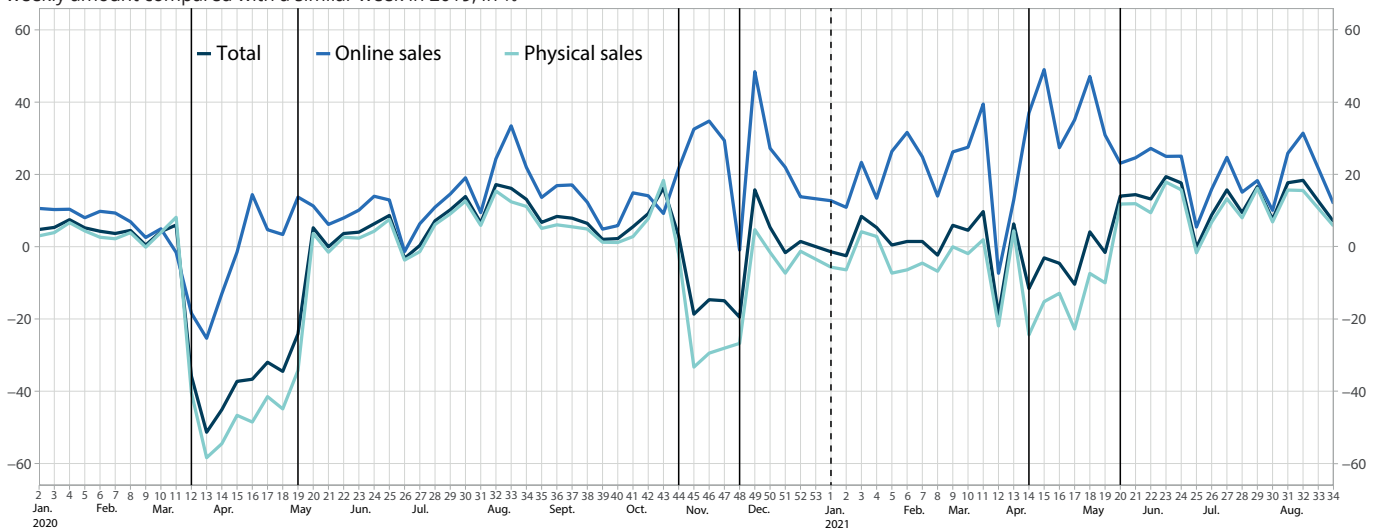
leisure activities to a lesser extent. The profile of bank card spending (available up to 29 August) reveals a weakening in amounts paid out around the time the pass was introduced, especially in catering and less obviously in cinemas and also some tourist activities (► **Box**). However, in catering, this decline appeared after substantial growth in the preceding weeks and it was by no means on the scale of the losses in consumption experienced before restaurants reopened. In this context,

and also given the lockdown measures in place in several overseas departments, household spending on services would seem to have deteriorated a little in August, back to -4% compared to the pre-crisis level.

In September, as the vaccination rollout continues, spending on catering and recreation should start to return to normal. Household spending on services is expected to recover, returning to its July level, and total household consumption should once again be very

## ► 2. Weekly CB bank card transaction amounts

weekly amount compared with a similar week in 2019, in %



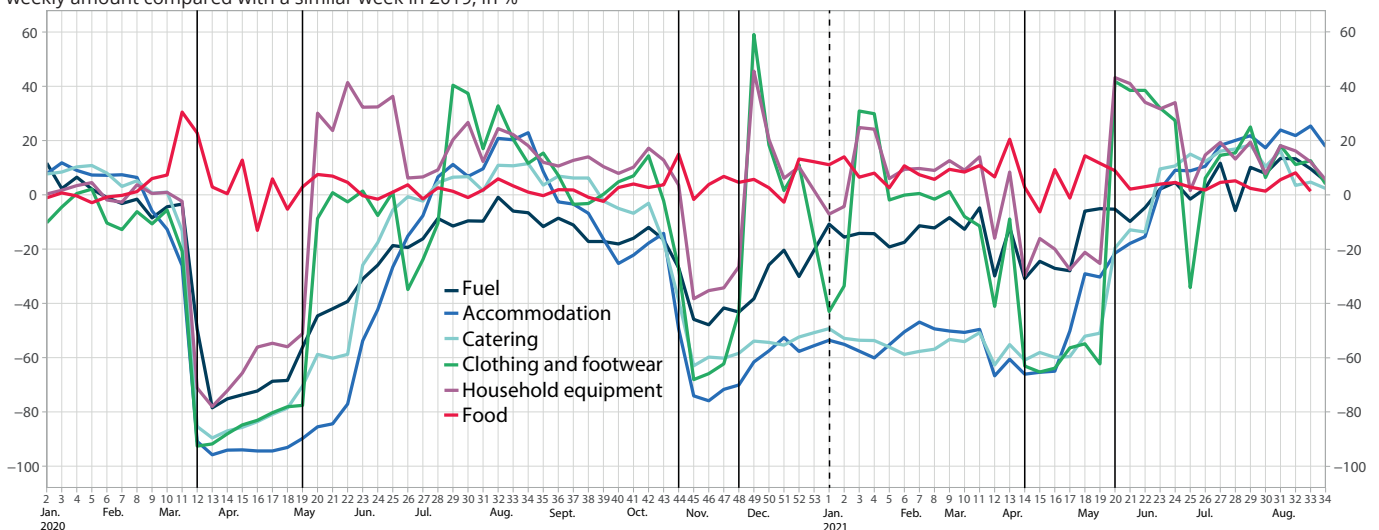
How to read it: in week 34 of 2021 (23 – 29 August), total CB bank card transaction amounts were 7% down on the amount in week 34 of 2019. The vertical lines show the dates that “non-essential” businesses closed and reopened during the 2020 lockdowns and the national lockdown in spring 2021. As each amount is compared to that of a similar week in 2019, for the differences shown for the end of 2020 and the start of 2021 there is therefore a break in the reference week (end of 2019 then start of 2019). This break is indicated by the vertical dotted line at week 1 of 2021.

Note: elsewhere, the dynamism of these CB transaction amounts from March 2020 onwards may reflect a higher use of CB bank card payments. This factor has been taken into account when estimating losses or increases in consumption compared to the pre-crisis level.

Source: Cartes Bancaires CB, INSEE calculations

## ► 3. Weekly CB bank card transaction amounts and sales by major hyper and supermarkets, for various types of goods and services

weekly amount compared with a similar week in 2019, in %



How to read it: in week 34 of 2021 (23 – 29 August), CB bank card transaction amounts related to purchases of fuel were 5% lower than amounts in week 34 of 2019. The vertical lines show the dates that “non-essential” businesses closed and reopened during the 2020 lockdowns and the national lockdown in spring 2021. As each amount is compared to that of a similar week in 2019, for the differences shown for the end of 2020 and the start of 2021 there is therefore a break in the reference week (end of 2019 then start of 2019). This break is indicated by the vertical dotted line at week 1 of 2021.

Note: xxxxxxxx. The dynamism of these CB transaction amounts from March 2020 onwards may reflect a higher use of CB bank card payments. This factor has been taken into account when estimating losses or increases in consumption compared to the pre-crisis level.

Source: Cartes Bancaires CB (except for food), cash register data from several supermarket chains (for food), INSEE calculations

### The introduction of the health pass would seem to have caused household consumption in restaurants to falter, although this decline was in no way comparable to the dramatic fall in consumption recorded during previous waves of the epidemic

Due to the spread of the Delta variant of Covid-19, increased health restrictions were put in place in July then in August. On 21 July, the health pass became compulsory in cultural and recreational venues holding more than 50 people (cinemas, theatres, museums, amusement parks, etc.) and generally for all gatherings of more than 50 people (compared with 1,000 people previously).

Since 9 August, the 50-person threshold has been lifted –with the health pass now required whatever the number of people– and the pass is now also compulsory in restaurants, cafés and pavement terraces, in long-distance interregional public transport and in large shopping centres (by prefectural decision). In addition, several overseas departments have been placed under lockdown since late July and early August, depending on the situation (Martinique, Guadeloupe, Reunion Island).

By analysing daily bank card transactions in the sectors affected by the application of the health pass, its possible effect can be observed on household consumption behaviour. This analysis should be viewed with caution, however: the profile of bank card transaction amounts was certainly fairly volatile over the period studied, but may be affected by other factors than just the introduction of the health pass. And finally, this is a short-term analysis, since the bank card transaction data go up to 29 August, about three weeks after the health pass was rolled out.

Concerning the cultural and recreational venues where the health pass has been compulsory since 20 July, bank card transactions can be used to identify tourist venues (specifically, activities that include amusement parks, circuses, exhibitions and museums), also cinemas and theatres. In tourist venues, bank card transaction amounts (considered in comparison to 2019 and as a 7-day moving average to reduce their daily volatility) appear to be less buoyant from 20 July onwards, suggesting that the introduction of the health pass had a moderating effect on numbers of visitors to these places (**Figure a**). However, this effect seems temporary since transactions gradually picked up from the beginning of August. In cinemas, transaction amounts showed a downward momentum, which started before 20 July and ran until the end of the month: during the first two weeks of August, the profile seems to be at a lower level on average than in July, although the difference is not significant and we see a rebound from mid-August. In theatres, however, bank card transaction amounts did not change noticeably when the pass was introduced, and they remained very much lower than their 2019 level.

Among the venues subject to the health pass requirement since 9 August, bank card transactions enable us to identify restaurants, “cafés, bars and discothèques” and hotels. The introduction of the pass seems only to affect bank card transactions in restaurants: after increasing strongly in June and July as they reopened, bank card transactions in restaurants slipped back substantially from 9 August (**Figure b**). They picked up slightly in the following days but still remained at a level below that of July. In the light of these data, a 10% reduction was included in the forecast scenario for spending on catering when the pass was introduced and for the following three weeks, compared to the level of this spending just before the pass was introduced. This decrease is assumed to be temporary, mainly because of the ongoing vaccine rollout. However, it is still very small compared to the consumption losses during the third lockdown or when only restaurant terraces were open (from 19 May to 8 June). All in all, household consumption of catering services in August would appear to have been –15% below its pre-crisis level (i.e. Q4 2019), after –6% in July, but compared to –58% in April 2021. Bank card transactions in this sector in August 2021 remained higher than their August 2019 level, due in part to the increased use of this payment method compared to others (cash payment, etc.) since the start of the health crisis. In addition, bank card transactions relate to spending by French residents, and thus exclude spending by foreign tourist (and spending by French tourists abroad): in the context of a summer that certainly saw more residents staying in France and fewer foreign tourists coming to France, bank card transactions in catering may overestimate the actual level of consumption in this sector.

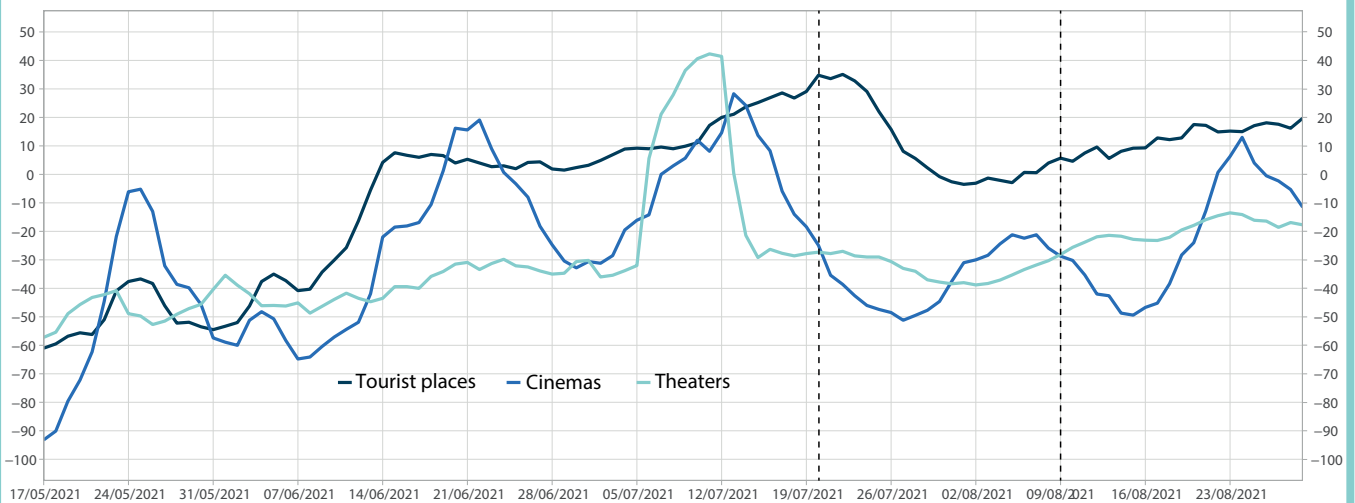
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# French economic outlook

In transport, the introduction of the health pass does not seem to have had much of an effect on bank card transactions, nor on transactions on rail and air transport, nor on fuel purchases. Automobile transport does not therefore seem to have been preferred as a result of the health pass requirement in long distance transport. ●

## ► a. Daily bank card transaction amounts in tourist venues, cinemas and theatres

7-day moving average of daily amounts compared to same days in 2019, in %

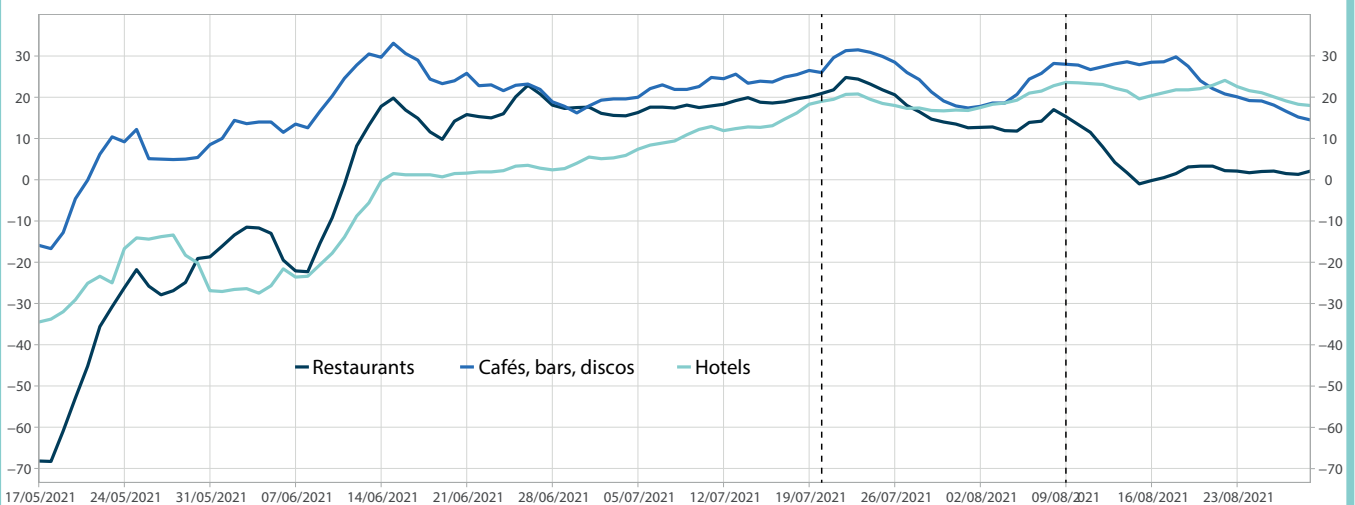


Note: tourist venues include amusement parks, circuses, museums and exhibitions. The two vertical dotted lines show respectively 20 July (date when the health pass became compulsory in cultural and leisure venues holding more than 50 people) and 9 August (date when the health pass requirement was extended to restaurants, cafés and bars, long-distance transport and some large shopping centres).  
How to read it: Bank card transaction amounts in cinemas, recorded between 10 and 16 August 2021, were 47% lower than amounts for the same period in 2019.

Source: Cartes Bancaires CB, INSEE calculations

## ► b. Daily bank card transaction amounts in restaurants, cafés, bars and discotheques, and hotels

7-day moving average of daily amounts compared to same days in 2019, in %



Note: the two vertical dotted lines show respectively 20 July (date when the health pass became compulsory in cultural and leisure venues holding more than 50 people) and 9 August (date when the health pass requirement was extended to restaurants, cafés and bars, long-distance transport and some large shopping centres).  
How to read it: bank card transaction amounts in restaurants recorded between 10 and 16 August 2021 were virtually identical to amounts for the same period in 2019.

Source: Cartes Bancaires CB, INSEE calculations

close to its pre-crisis level (1% below this level). Thus in Q3 2021 overall, household consumption is likely to be at -1.5% compared to its Q4 2019 level (after -5.9% in Q1, ► **Table 2**). In accommodation and catering in particular, consumption is expected to exceed its Q3 2020 level, although it will still be below its pre-crisis level.

In Q4, assuming that the changing health situation does not require any further restrictive measures, household consumption should increase and return to its pre-crisis level, driven by the gradual return to normal of spending on services. In accommodation-catering and leisure activities in particular, the rollout of the vaccination programme should provide a significant boost for consumption, despite still being affected

by the uneven recovery of international tourism and business travel and, in the case of catering, by the greater use of teleworking. In transport services too, household spending is likely to get significantly closer to its pre-crisis level, although it is penalised because air traffic is still in decline. The consumption of goods, however, should return to its pre-crisis level, despite still being sluggish with regard to vehicle purchases, linked to the sourcing problems in this sector.

All in all, after a 1.0% rise in Q2, household consumption is expected to rise by 4.6% in Q3 then 1.6% in Q4 (► **Table 3**). Thus, after its historic 7.2% nosedive in 2020, it looks set to bounce back by 4.5% in 2021. ●

## ► 2. Estimated and projected quarterly household consumption levels

difference in the Q4 of 2019, in %

Products	Share of consumption*	2020				2021				2020	2021
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
<b>Agriculture, forestry and fishing</b>	3%	3.9	-1.2	-0.1	-1.0	-0.1	-2.3	-4	-3	0.4	-3
<b>Industry</b>	44%	-6.7	-12.9	2.5	-1.7	-0.9	-3.4	-1	0	-4.7	-1
Manufacture of food products, beverages and tobacco-based products	15%	3.5	5.4	2.2	3.3	3.7	2.0	0	1	3.6	2
Coke and refined petroleum	4%	-5.9	-29.2	-4.6	-12.9	-5.8	-8.7	1	-1	-13.1	-4
Manufacture of electrical, electronic, computer equipment; manufacture of machinery	3%	-8.2	-4.6	12.2	15.4	13.0	10.7	9	4	3.7	9
Manufacture of transport equipment	6%	-23.1	-35.5	3.5	-9.3	-8.4	-11.5	-11	-6	-16.1	-9
Manufacture of other industrial products	12%	-12.1	-23.1	3.5	-5.0	-4.4	-10.0	1	2	-9.2	-3
Extractive industries, energy, water, waste treatment and decontamination	5%	-2.5	-3.5	0.6	1.6	1.7	5.3	1	1	-0.9	2
<b>Construction</b>	2%	-9.4	-23.5	0.2	0.8	-1.1	-1.8	-2	0	-8.0	-1
<b>Mainly market services</b>	47%	-6.1	-21.8	-6.3	-14.1	-15.2	-11.3	-3	0	-12.1	-8
Trade; repair of automobiles and motorcycles	1%	-12.3	-24.7	1.2	-4.7	-2.6	-3.8	-4	0	-10.1	-3
Transport and storage	4%	-15.6	-74.0	-31.2	-53.4	-51.3	-46.7	-20	-10	-43.6	-32
Accommodation and catering	8%	-17.0	-63.5	-15.0	-46.6	-58.4	-40.8	-12	-6	-35.5	-29
Information and communication	3%	-2.5	-1.8	-0.7	-0.8	1.2	2.0	3	4	-1.5	3
Financial and insurance activities	5%	-2.5	-6.4	-1.7	-0.3	0.7	1.2	2	3	-2.7	2
Real estate activities	19%	0.1	0.3	0.7	0.8	1.8	2.2	2	3	0.5	2
Scientific and technical activities; administrative and support services	2%	-6.7	-19.1	-10.2	-8.9	-9.6	-7.0	-3	1	-11.2	-5
Other service activities	4%	-12.3	-42.2	-13.2	-25.4	-25.8	-21.9	-10	-5	-23.3	-16
<b>Mainly non-market services</b>	5%	-7.8	-24.1	1.0	-2.4	-0.4	0.9	2	3	-8.3	1
<i>Territorial correction</i>	-1%	-47.7	-81.4	-32.5	-61.7	-69.2	-84.7	-38	-18	-55.8	-52
<b>Total</b>	100%	-5.7	-16.7	-1.4	-6.8	-6.8	-5.9	-1.5	0.1	-7.6	-3.5

\* Weight in household final consumption expenditure in current euros in Q4 2019

■ Forecast

How to read it: in Q3 2021, the level of household consumption of accommodation and catering services would appear to have been 12% lower than in Q4 2019.

Source: INSEE calculations from various sources

## ► 3. Household consumption compared to Q4 2019 and as a quarterly variation

in %

	2020				2021				2020	2021
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Difference compared in % to Q4 2019	-5.7	-11.6	18.3	-5.5	0.0	1.0	4.6	1.6	-7.2	4.5
<b>Quarterly growth in %</b>	-5.7	-16.7	-1.4	-6.8	-6.8	-5.9	-1.5	0.1		

■ Forecast

Source: INSEE